

Message Text

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PAGE 01 STATE 112290
ORIGIN SS-25

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EUR/NE:RLFUNSETH
SC: GTREVERTON
DASD/ISA:JSIENA
S/S:RCASTRODALE

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FM SECSTATE WASHDC
TO AMEMBASSY REYKJAVIK IMMEDIATE
INFO SECDEF PRIORITY
CINCLANT PRIORITY
COMICEDEFOR PRIORITY

C O N F I D E N T I A L STATE 112290

EXDIS FOR AMB, MILITARY ADDEES HANDLE AS SPECAT EXCLUSIVE

E.O. 11652: GDS

TAGS: MARR, IC

SUBJECT: AIR TERMINAL DECISION

CINCLANT ALSO FOR POLAD

1. YOU SHOULD REQUEST AN APPOINTMENT WITH PRIME MINISTER HALLGRIMSSON TO INFORM HIM THAT, IN RESPONSE TO GOI REQUEST, THE USG AGREES IN PRINCIPLE TO MAKE A CONTRIBUTION TO THE CONSTRUCTION OF A DUAL-PURPOSE, MILITARY/CIVILIAN AIR TERMINAL AT THE KEFLAVIK NATO BASE. IN ADVISING THE PRIME MINISTER OF THIS DECISION (AND THE FOREIGN MINISTER IN ANY SUBSEQUENT MEETING YOU HAVE WITH HIM, IN THE EVENT
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HE IS NOT PRESENT AT YOUR MEETING WITH THE PRIME MINISTER),
YOU SHOULD MAKE THE FOLLOWING POINTS:

-- RECALL THAT QUESTION OF A CIVILIAN AIR TERMINAL WAS FIRST RAISED BY PRIME MINISTER DURING HIS MEETING WITH VICE PRESIDENT MONDALE AT KEFLAVIK IN JANUARY 1977.

-- RECALL FURTHER THAT IN THE FALL, 1977, FOREIGN MINISTER AUGUSTSSON SUBMITTED A REVISED ICELANDIC PROPOSAL, REQUESTING A US CONTRIBUTION TOWARD THE CONSTRUCTION OF A DUAL-PURPOSE, MILITARY/CIVILIAN TERMINAL.

-- PLEASED TO INFORM PRIME MINISTER THAT THE US GOVERNMENT AGREES IN PRINCIPLE TO ASSIST ICELAND WITH A CONTRIBUTION TOWARD THE CONSTRUCTION OF A DUAL-PURPOSE, MILITARY/CIVILIAN AIR TERMINAL AT KEFLAVIK.

-- PRECISE AMOUNT, FORM AND TIMING OF THE US CONTRIBUTION WILL BE RESOLVED IN SUBSEQUENT BILATERAL NEGOTIATIONS AND SUBJECT TO AUTHORIZATION AND APPROPRIATION BY THE US CONGRESS. IN ANY EVENT, BECAUSE WE ARE ALREADY IN THE DEFENSE BUDGET CYCLE CONSIDERING EXPENDITURES FOR FISCAL 1979 AND 1980, THE EARLIEST DATE THAT MONEY COULD BE AUTHORIZED FOR THE ICELAND PROJECT WOULD BE OCTOBER 1980 (FY-1981).

-- WHILE USG IS PREPARED TO MAKE WHAT WE BELIEVE IS AN IMPORTANT CONTRIBUTION, THE PROJECT WILL REQUIRE SUBSTANTIAL ICELANDIC PARTICIPATION.

-- USG HAS ABIDED BY THE LETTER AND THE SPIRIT OF THE 1974 MOU. DECISION FOR THE USG TO MAKE AN ADDITIONAL CONTRIBUTION, ABOVE AND BEYOND THE 1974 MOU, DEMONSTRATES CONFIDENTIAL

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ONCE AGAIN THE CORDIAL AND COOPERATIVE MANNER WHICH GOVERNS USG RELATIONSHIP WITH ICELAND.

2. PRECISE SCENARIO FOR INITIATION OF BILATERAL NEGOTIATIONS WILL BE SUBJECT OF SUBSEQUENT INSTRUCTIONS. YOUR COMMENTS ON FOLLOW-UP PHASE WOULD BE WELCOME.

3. WHILE WE PLAN NO PUBLIC STATEMENT IN WASHINGTON, WE HAVE NO OBJECTION TO GOI PUBLIC ANNOUNCEMENT OF DECISION. HOWEVER, WE WOULD WISH TO HAVE OPPORTUNITY TO COMMENT ON ANY ICELANDIC STATEMENT AND SUGGEST THAT THE FOLLOWING POINTS BE INCLUDED:

-- THE GOI IS PLEASED TO ANNOUNCE THAT THE USG AGREES IN PRINCIPLE TO PARTICIPATE WITH THE GOVERNMENT OF ICELAND IN THE CONSTRUCTION OF A DUAL-PURPOSE, MILITARY/CIVILIAN AIR TERMINAL AT KEFLAVIK.

-- THE PRECISE AMOUNT, FORM AND TIMING OF THE US CONTRIBUTION WILL BE RESOLVED THROUGH SUBSEQUENT BILATERAL DISCUSSIONS.

-- THIS DECISION TO PARTICIPATE WITH ICELANDIC GOVERNMENT
IN THE CONSTRUCTION OF A DUAL-PURPOSE, MILITARY/CIVILIAN
TERMINAL AT KEFLAVIK IS APART FROM THE 1974 MEMORANDUM
OF UNDERSTANDING.

-- A SEPARATE CONTRIBUTION ENVISAGED BY THE US TOWARD
CONSTRUCTION OF TAXIWAYS, ROADS AND RAMPS AT THE NEW
TERMINAL COMPLEX, AND MENTIONED IN THE 1974 MOU, REMAINS
UNAFFECTED.

-- UNDER THE TERMS OF THATMOU, THE AMERICANS HAVE
UNDERTAKEN A NUMBER OF EXPENSIVE PROJECTS FOR OUR
MUTUAL BENEFIT SUCH AS THE CONSTRUCTION OF A NEW
CONTROL TOWER, RUNWAY IMPROVEMENTS AND THE PLANNED
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CONVERSION TO GEOTHERMAL HEAT AT THE BASE.

-- BOTH SIDES HAVE APPROACHED THESE COMMON ISSUES IN
THE CORDIAL, COOPERATIVE SPIRIT WHICH GOVERNS US-
ICELANDIC RELATIONS.

-- THE ONGOING DEFENSE ARRANGEMENTS CONTINUE TO SERVE
THE BEST INTERESTS OF ICELAND, THE US AND THE STRATEGIC
NORTHERN TIER OF NATO. VANCE

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PAGE 01 STATE 112290
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DRAFTED BY:EUR/NE:DJDONCHI

APPROVED BY:EUR/E:PFUNSETH

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INFO RUFHNA/USMISSION USNATO 0000

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C O N F I D E N T I A L STATE 112290

EXDIS MILITARY ADDRESSEES HANDLE AS SPECAT

SAHPE ALSO FOR POLAD

FOLLOWING TELEGRAM FROM SECSTATE WASHDC DATED MAY 3, 1978
SENT REYKJAVIK INFO SECDEF, CINCLANT, COMICEDEFOR IS
REPEATED TO YOU: QUOTE

C O N F I D E N T I A L STATE 112290

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E.O. 11652: GDS

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-- USG HAS ABIDED BY THE LETTER AND THE SPIRIT OF THE 1974 MOU. DECISION FOR THE USG TO MAKE AN ADDITIONAL CONTRIBUTION, ABOVE AND BEYOND THE 1974 MOU, DEMONSTRATES ONCE AGAIN THE CORDIAL AND COOPERATIVE MANNER WHICH GOVERNS USG RELATIONSHIP WITH ICELAND.

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